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Risk Policy

The Firm provides investment advisory and management services to Professional Clients and Eligible Counterparties.

The Firm has a low to moderate appetite for risk and its major business risks relate to the quality of investment management activity and regulatory hosting services for ARs. The Firm does not trade on its own account nor does it hold client monies or securities. The Firm does not act for retail clients and does not act as a counterparty to any investment transaction, whether advisory or management. As such, the Firm's exposure to traditional credit and market risk is considered incidental to the advisory and investment management business it conducts. Risks relate primarily to its exposure to its clients and ARs for management or licence fees.

The Firm's internal operational infrastructure is straightforward and it does not outsource any of its regulated services. The Firm's key risks are operational and mainly related to its role as principal to its ARs or as investment manager. The Firm takes regulatory responsibility for its ARs' activities and acts as interim investment manager to a number of institutional investment funds, the majority of which are advised by its ARs. A small number of funds managed by Midmar are advised by directly authorised firms or ARs of other principal firms. Accordingly, it ensures that it carries out comprehensive and robust due diligence at onboarding prior to assuming regulatory responsibility for an AR, Approved Person, or fund. The Firm also ensures that there is regular and appropriate supervision and oversight of its ARs and approved persons including, but not limited to:

- annual training and assessment of fitness and propriety of approved persons;
- provision of a compliance manual and appendices (this Manual) and a monthly regulatory newsletter;
- monthly management reporting including risk-rated key performance indicators and quarterly summary reporting to ARs on those risk ratings;
- formal compliance monitoring, normally at least annually; and
- internal annual reviews as required by SYSC 12.6A.2R.

The Firm's risk management process also includes allocation of a designated contact point, a Primary Contact, to each AR to act as a focal point for firm-wide oversight activity. The Firm also has an escalation policy to manage increased exposure due to AR activity.

Another important area of operational risk is the challenge to cope with the pace of change in regulatory requirements, which is mitigated by engaging Gem Compliance Consulting Ltd, regulatory consultants, to provide ad hoc advice and monitoring. The Firm seeks to minimise its operational risks by putting in place robust business controls and monitoring the operation of these controls.

The Firm also operates a Risk Register which is reviewed and discussed by senior management on a quarterly basis, with a review of the scorecard and framework in addition to the register in Q1 of each calendar year. The team reviewing the risk register comprises the partners and where relevant, any non-partner performing an SMF approved role. Risks are assigned to an individual according to allocated responsibilities in the Firm. Emerging risks are also considered during the quarter and discussed and rated by the risk management team at the next meeting. Risks are scored according to likelihood and impact in line with an agreed risk matrix and defined criteria. A 'traffic light' rating of red, high-amber, low-amber and green is assigned. The Firm also ensures that its ARs implement and maintain (on a quarterly basis) similar risk registers and monthly reporting includes a KPI to assess the effectiveness of ARs' risk management.

The arrangements and processes designed to manage the identified risks are further described in the Firm's Internal Capital Adequacy and Risk Assessment (ICARA) process which is reviewed on an annual basis to assess risk to capital adequacy. This considers risk of harm to clients/end users and the Firm itself. It includes both the activities of the Firm but also its ARs.